

1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE NEBRASKA ECONOMY

The importance of small business to the state of Nebraska is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Nebraska had 43,344 businesses with employees; 97.1 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 109,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 4.7 percent to \$2.9 billion in 1997, while wage-and-salary income rose 7.0 percent. The state also exported \$2.5 billion of goods in 1997. (In 1992, 71.6 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 57,400 women-owned businesses in Nebraska, including part-time firms, employing 148,900 people and generating \$18.6 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 63.3 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 56.4 percent from 1987 to 1992, totaling 1,350 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 85.3 percent during the same time period with 1,147 firms in 1992. There has also been an increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 451 in 1987, to 670 in 1992, representing a 48.6 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms increased 6.2 percent, while new business incorporations increased 2.0 percent. Financial difficulties leading to business bankruptcies increased by 2.2 percent and business failures increased by 22.2 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Nebraska decreased from 356 in 1994 to 328 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
HERSHEY ST BK	Hershey
COMMERCIAL ST BK	Wausa
VALLEY B&TC	Scottsbluff
GOTHENBURG ST B&TC	Gothenburg
DAKOTA CTY ST BK	South Sioux City
CITY ST BK	Sutton
FIRST NB OF GORDON	Gordon
FIRST CENTRAL BK	Cambridge
CEDAR SECURITY BK	Fordyce
CHARTER WEST NB	West Point
PLATTE VALLEY NB	Scottsbluff
ADAMS B&TC	Ogallala
FARMERS & MRCH BK	Milford
UNION B&TC	Lincoln
NATIONAL BK OF CMRC TR&SA	Lincoln

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created 57.1 percent of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	24,720	12,894	10,645	16,407	48,566	113,232
Manufacturing	1,212	699	1,139	519	11,878	15,448
Retail Trade	5,609	2,471	1,868	1,749	(164)	11,531
Services	14,359	6,602	6,865	15,014	39,393	82,233
Other	3,540	3,122	773	(874)	(2,540)	4,020

Industries - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in Nebraska, followed by Health Services. The fastest

growing industry for small business is Electric, Gas, & Sanitary Services (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	674,578	100.0	54.5
Health Services	8000	74,170	11.0	43.0
Business Services	7300	58,245	8.6	37.2
Eating & Drinking Places	5800	51,890	7.7	71.0
Food & Kindred Products	2000	34,258	5.1	13.4
Wholesale Trade-Nondurable Goods	5100	26,283	3.9	68.1

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	367,407	100.0	54.5
Eating & Drinking Places	5800	36,823	7.7	71.0
Health Services	8000	31,884	11.0	43.0
Business Services	7300	21,675	8.6	37.2
Wholesale Trade - Durable Goods	5000	20,651	3.7	82.0
Special Trade Contractors	1700	19,708	3.0	96.3

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	367,407	8,012	2.2
Electric, Gas, & Sanitary Services	4900	625	250	40.0
Transportation Equipment	3700	1,394	336	24.1
Transportation By Air	4500	772	175	22.7
Fabricated Metal Products Except Machinery	3400	3,912	730	18.7
Heavy Construction	1600	4,358	813	18.7

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.